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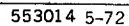
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SOUTH VIETNAM: North Vietnamese commanders are still moving their forces closer to Hue and Kontum cities in preparation for the next round of all-out assaults.

North and west of Hue, there have been more enemy emplacements of large caliber artillery. Camp Evans and Fire Support Bases King and Birmingham, which are west of Hue, and most other government positions around the city are coming under progressively heavier artillery attack. King has now been shelled for 12 straight days.

Although Quang Tri City fell over a week ago the Communists may require more time before they consider themselves ready for another major offensive in this region. They probably will order their infantry regiments to close on South Vietnamese defensive positions only after they are able to direct sustained artillery barrages against them. Meanwhile, the Communists appear to be avoiding concentrating their infantry in forward positions where they would be more exposed to observation and allied air attack.

In the highlands, it has been two weeks since the collapse of the South Vietnamese defensive line along Rocket Ridge and ten days since the abandonment of the second line of defense at Vo Dinh. North Vietnamese commanders in the highlands, however, may first try to clear their flanks of bypassed outposts before making a direct attack against Kontum City. Enemy ground forces are probing the perimeter defenses of Ben Het base, northwest of Kontum. This and other bypassed bases are being shelled regularly.

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SOUTH VIETNAM: The top Communist headquarters in the South, COSVN, has issued a generally confident assessment of the current offensive, but it warns of much hard fighting ahead.

[redacted] the assessment, called Directive 35, claimed in mid-April that great victories had been won over the South Vietnamese regular army and that this afforded Viet Cong local forces an excellent opportunity to re-establish their power in the populated countryside. COSVN reportedly asserted successes achieved in the first two weeks of the offensive prove that Communist forces can win a military victory in the South.

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The rhetoric [redacted] used in the COSVN directive is no doubt intended in part to raise the morale of Communist forces and spur them on to greater efforts. COSVN does not routinely pass out such praise during important campaigns. In the past, when operations have not been going well, COSVN has not been reluctant to talk frankly about the failures of various subordinates. It seems likely, therefore, that in the present instance the headquarters is pleased with the advances made on several fronts during the current offensive.

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The COSVN assessment is not entirely optimistic, however. [redacted] it contains some sober warnings about Communist shortcomings and about obstacles that remain. Viet Cong forces in the urban areas are taken to task for not acting with sufficient vigor. While attacks against the government's pacification program [redacted] have made big gains in some areas, in others--such as the Mekong Delta--COSVN charges the offensive is not moving fast enough.

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COSVN reportedly observed that South Vietnamese Army units in many areas have been driven out of their "outer defense rings," but it warns that they have pulled back to new in-depth defenses around major bases and cities that will be difficult to penetrate. COSVN also warns that the US is still a dangerous adversary, but maintains that the US will not be able to stem the current offensive, especially if Communist units continue to attack vigorously.

The directive insists that eventual victory is certain and may be attained rapidly, although Communist forces must be realistic and ready to continue the fight for a long time. It asserts that Communist forces have not yet committed all of their available forces, and that they can continue to fight throughout 1972, and beyond, if the allies refuse to make political concessions.

In general, the COSVN directive reinforces a considerable body of evidence that the North Vietnamese are relying heavily on their regular units as the decisive forces in the current phase of the war. While it calls on local forces, guerrillas, and cadre in the cities to exploit the openings created by the main forces, the directive leaves the strong impression that military victories over the regular South Vietnamese Army must come first. COSVN appears to believe that main force actions will create the kind of unsettled conditions in which guerrillas and political cadre can once again build up their strength and consolidate Communist gains.

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SOUTH KOREA - VIETNAM: The South Korean defense minister has stated publicly that the limited role of the two ROK army divisions in South Vietnam would not be expanded.

In a statement to members of the Defense Committee of the National Assembly on 6 May, Yu Chao-hung said that the zones of operational responsibility for the Korean troops (mostly in the southern coastal area of Military Region II) would remain unchanged despite US and South Vietnamese requests that the zones be widened. He emphasized, moreover, that there had been no change in Seoul's decision that it would eventually withdraw its troops and termed as "totally out of the question" the possibility of dispatching additional troops to Vietnam. The leader of the opposition party echoed these sentiments in pledging recently his party's willingness to use "all available means" to block any government move to stop withdrawal.

The defense minister's statement reflects increasing high-level concern in Seoul that the continued South Korean military presence in Vietnam may have adverse domestic and international repercussions. President Pak has been worried for some time that any high Korean casualty rates might generate popular concern and has tried to ensure that these personnel losses are kept to a minimum. More importantly, the South Koreans have grown particularly sensitive about their role as the only remaining allied ground force engaged in combat operations in South Vietnam. They see this as an increasing international political liability, particularly as the level of US ground forces continues to diminish. With this in mind, the South Koreans probably will not modify their plans to withdraw most of their troops by the end of this year.

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INDIA: A record grain crop is greatly increasing costs of subsidies designed to encourage production, but foodgrain exports may help recoup some losses.

The government has been paying farmers artificially high prices for wheat--about double the world market price--and has been selling it in government shops at a loss. New Delhi, apparently reluctant to antagonize the electorate in the wheat-growing areas, has refused to lower the wheat procurement price as recommended recently by its Agricultural Price Commission.

The foodgrain crop for the year ending in June is estimated at 112 million tons. With the cessation of wheat imports and increased domestic procurement, the government has had to earmark about \$176 million in the current budget for wheat subsidies, compared with only \$40 million last year. Profits from the sale of low-priced imported wheat in previous years had more than offset the subsidy on domestic wheat. The subsidy this year, however, will be equivalent to about half the central government's deficit announced earlier this year.

New Delhi expects to purchase 6.5 million tons of wheat from the current harvest, some of which will have to be stored. Government stocks of all types of grains already amount to about eight million tons. This is not excessive compared with India's large population and normal variations in crop output, but little storage space is left, and over half of the stocks consists of wheat unsuited to Indian tastes.

In addition to donations of 750,000 tons of wheat and rice to Bangladesh, New Delhi reportedly intends to export foodgrains, but competition for foreign markets will be stiff. Barter arrangements are possible, however, and could save India a little foreign exchange. Press reports indicate New Delhi

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is negotiating with Japan to trade 100,000 tons of corn for urea, a commodity which India had intended to get from the US before suspension of aid. India probably can barter, at most, a million tons this year.

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PORTUGAL: Regulations issued last week to implement Prime Minister Caetano's press law would maintain authoritarian controls.

The press law passed last August provided for abolishing pre-publication review. The catch, however, was that other provisions made editors responsible for any infringement of security laws in anything they published. Under the new regulations, advance censorship of newspapers has been extended indefinitely. In addition, stringent sanctions, including fines and imprisonment, can be applied against editors and journalists if authorities find violations of security laws.

The new regulations abolish the old censorship commission and transfer its functions to the Secretariat of State for Information under the prime minister. As part of Caetano's habit of balancing suppression with a liberal provision, the new law provides for judicial appeal from administratively imposed sanctions for press offenses.

The new regulations will disappoint those in government who want to improve Portugal's image abroad. At this time, however, the government especially wishes to control criticism of its policies on fighting insurgency in Portuguese Africa.

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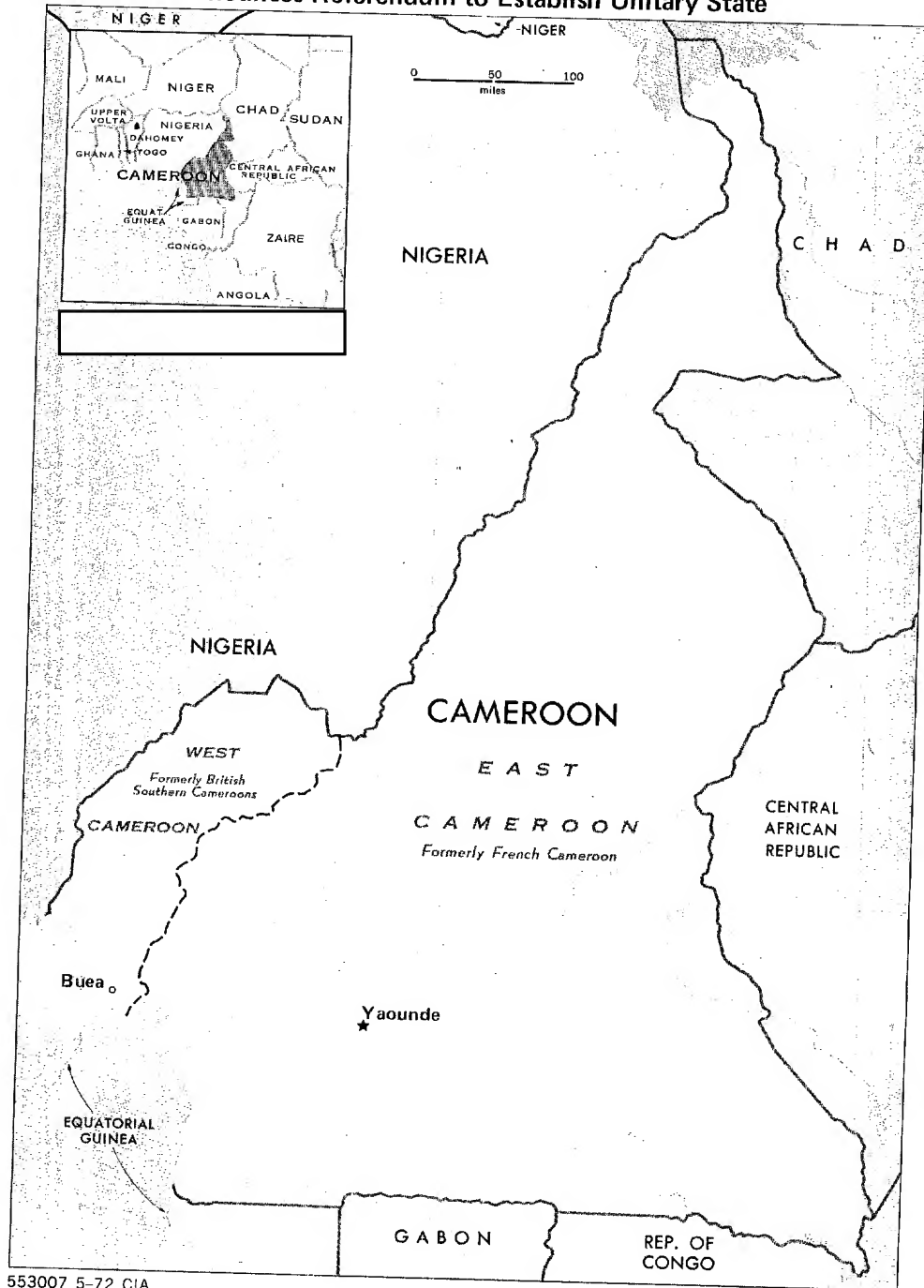
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Cameroon Announces Referendum to Establish Unitary State



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CAMEROON: On 20 May Federal President Ahidjo will hold a popular referendum on a draft constitution that would abolish the present federal structure.

According to Ahidjo's announcement, the present structure, which includes the states of East and West Cameroon, hinders "development efforts." He cited specifically the cost of maintaining three separate governments and legislatures. In a concession to West Cameroon, however, he promised to preserve the country's official bilingualism and different cultures.

The federal union between Anglophone West Cameroon and Francophone East Cameroon was effected in 1961, following the separate emergence of the two areas from the UN trusteeship system. Over the years the political and cultural influences of larger and richer East Cameroon, Ahidjo's political base, have made significant inroads in the West.

The constitutional referendum is likely to prove only a formality in one-party Cameroon, and the coming unitary structure represents the capstone to Ahidjo's carefully paced, and remarkably successful, effort to forge a stable and economically advancing nation. While the transformation will cause some anguish in West Cameroon, the younger politicians there are intent on participating in the ruling establishment and are probably prepared to accept the change as an inevitable development.

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NOTE

FINLAND: Parliamentary debate on pension legislation, scheduled to begin this week, could result in a no-confidence motion against the minority Social Democratic government of Rafael Paasio. Spearheaded by the Center Party, the non-Communist opposition parties might join forces, obtain a majority, and topple the ten-week-old government. The Center Party is trying to expand pension benefits to embarrass the Social Democrats. The government argues that the Center Party had ample opportunity to improve pensions as a member of numerous past governments and that it has raised the issue now solely as a means of returning to power. Paasio may have the backing of the Communists and the Rural Party on the pension issue; both parties are to decide today if they will support the government. If they do, the opposition probably will withdraw its challenge for the time being.

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